

Determining Eligibility

Federal Regulations state that the School Food Authority (SFA) must have an approved application or direct certification documentation on file for each student served a meal meeting program requirements that is claimed for Federal reimbursement at the free or reduced-price rate. Under certain circumstances Head Start, Even Start and Homeless Students may be documented from a pre-approved list, similar to direct certification.

Eligibility Determination

Two types of eligibility have been established for determination and verification of students' eligibility for free and reduced-price meals in the federally reimbursed School Meal Programs.

Categorical Eligibility

A child from a household currently certified to receive food stamps or from an assistance unit under the Temporary Assistance to Needy Families Program (TANF) is categorically eligible for free benefits. Under certain circumstances Head Start, Even Start, and Homeless Students may be categorically eligible for free benefits, also.

Income Eligibility

Households that do not claim categorical eligibility must provide household size and income information, including the amount received by each household member by source, to enable school officials to make eligibility determinations using the Income Eligibility Guidelines. If the total reported gross income for the household is within the eligibility limits, the child is eligible for either free or reduced-price meal benefits as applicable.

Applications for households that are not categorically eligible or income eligible cannot be approved for benefits.

Categorical Eligibility

Food Stamp/TANF Households

SFAs must provide a household applying for free and reduced-price meals for their child the opportunity to indicate on the application that the child is categorically eligible for free benefits. When a household submits a complete application that contains: the name of the child, a current Food Stamp or TANF case number, and an adult signature, the determining official must approve the child for free meals. No further application information is required.

Head Start

Children enrolled in SFA sponsored federally funded Head Start centers that meet the low-income criteria of Head Start Program regulations are considered categorically eligible for free meals in the National School Lunch Program (NSLP) or School Breakfast Program (SBP). Verification of eligibility from the household is not required when documentation of categorical eligibility is obtained from Head Start officials. Examples of acceptable documentation of a child's Head Start participation include:

- an approved Head Start application for the child's family,
- a statement of enrollment in Head Start, or
- a list of children participating in Head Start.

Even Start

For a child to be categorically eligible for free meals based on their participation in Even Start, the child must be enrolled as a participant in a federally funded Even Start Family Literacy Program and must be at the pre-kindergarten level. Categorical eligibility does not apply to other family

members. Documentation of a child's participation in a federally funded Even Start Program is required to establish categorical eligibility for free meals in the NSLP or SBP. Confirmation that the child has not yet entered kindergarten must be included in the documentation from the Even Start official. Verification of eligibility from the household is not required when documentation of categorical eligibility is obtained from Even Start officials. Examples of acceptable documentation of a child's Even Start participation include:

- an approved Even Start application for the child's family,
- a statement of enrollment in Even Start, or
- a list of children participating in Even Start.

Participation of Adults in the NSLP

The NSLP is a food assistance program for children. The fact that an adult may be in the Even Start Literacy Program and/or taking remedial or other classes has no bearing on whether the adult is eligible for participation in the NSLP. The only times meals to adults are eligible for reimbursement under the NSLP are when the adults are:

- enrolled in a GED program that meets in the school during the school day, or
- enrolled in a school of high school grade or under and, therefore, meeting the definition of "child".

In the latter case, the adult student would be included in the school district's total enrollment of students for funding and other purposes, the same as other students of high school grade or under.

Any adults meeting one of the above criteria who wish to obtain free or reduced-price benefits under the NSLP must complete an application for meal benefits.

Homeless Children

A January 2002 amendment to the McKinney-Vento Homeless Assistance Act clarified the definition of homeless children and youth. As specified in the statute, the term "homeless" means individuals who lack a fixed, regular, and adequate nighttime residence. The definition includes:

- children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;
- children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
- children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
- migratory children who qualify as homeless because the children are living in circumstances described above.

Another provision of the statute requires each SFA to designate a local educational agency liaison for homeless children and youths. In general, some of the duties of the local educational agency liaison are to ensure that homeless children are identified by school personnel, that they have full opportunity to enroll and succeed in school, and that they receive educational and other services for which they are eligible.

Although many homeless individuals will be living in emergency and transitional shelters, under the expanded definition of homeless, some children or households that temporarily reside with other households may meet the definition of homeless. SFAs should work with their local educational

agency liaison for homeless youths and, where appropriate, the State Coordinator for Education of Homeless Children and Youths to help ensure that these children, as well as other children who are defined as homeless by a director of a homeless shelter, have access to the benefits of the child nutrition programs.

Documentation of Free Meal Eligibility for Homeless Children

To expedite the delivery of nutritional benefits, school officials may accept documentation that the children are homeless from the local educational liaison or directors of homeless shelters where the children reside. Documentation to substantiate free meal eligibility is acceptable in lieu of a free and reduced-price meal application and must consist of :

- Child's name or list of names,
- Effective date(s),
- Residence (shelter, etc.), and
- Signature of local educational liaison or director of the homeless shelter.

To implement these expedited procedures, school officials must work closely with the educational liaison and directors of homeless shelters to ensure that children are provided free meal benefits as promptly as possible, as well as to ensure that the school food service is promptly advised when children leave the school or are no longer considered homeless. In the latter case, school officials must provide the household with an application for free and reduced-price meals. The list of eligible homeless children must be kept current, adding names and indicating when the child is no longer homeless (and not eligible) or has withdrawn from the institution.

Homeless Children Residing with Another Household

A child or family may temporarily reside with another household and still be considered homeless under the definition of homeless in the McKinney-Vento Homeless Assistance Act. In

these cases the household size and income of the host family is not taken into consideration in determining the free meal eligibility for the child(ren) designated as homeless by the local educational agency liaison. Additionally, when a host family applies for free and reduced-price meals for their own children, the host family may include the homeless family as household members if the host family provides financial support to the homeless family, such as shelter, utilities, clothing, or food. In such cases, the host family must also include any income received by the homeless family. School officials must determine eligibility for the host family in the traditional manner. However, free meal eligibility for the homeless child is based on the documentation provided by the local education liaison, even when the child is included on the host family's free and reduced-price meal application. If the host family meets the free or reduced-price meal eligibility criteria, school officials should provide the host family with temporary approval for free or reduced-price meal benefits, as appropriate. The host family's eligibility should be reevaluated when their household size decreases, i.e., the homeless family leaves.

Expiration of Categorical Eligibility

When a child is no longer categorically eligible for free meals under the criteria set forth in this manual, the child's family must be provided an opportunity to apply for free and reduced-price meals under standard free and reduced-price application procedures. The SFA is responsible for providing the family with instructions on how to apply for these benefits.

Distribution of Applications

In schools participating in the NSLP and/or SBP, a letter to parents that contains the reduced-price income eligibility guidelines and an application form must be provided to parents or guardians of all children in attendance at the school with the possible exception of those schools participating in direct certification as described below. Letters and applications should be sent to households as early

as possible in the school year to allow for the return and review of applications.

The distribution of the letter to parents and application forms to households of all children enrolled in the SFA at the beginning of the school year is required to ensure that no child is inadvertently excluded from participation. If these materials are distributed through the mail, by individualized student packets or other methods that would prevent the overt identification of directly certified students, then the parents or guardians of these students may be excluded from the distribution of these materials. Under this option, households will receive either a letter to parents with an application form or a letter notifying them that their children are preapproved and eligible for free meal benefits.

Although other methods for distributing letters and applications may be acceptable and used successfully, the most commonly used method is to give each student a copy to take home. Schools are reminded that making the letter to parents and application form available only to those who request one or to those who received program benefits during the prior school year are not acceptable methods of distribution.

A few SFAs open an office prior to the beginning of the school year and offer parents or guardians the opportunity to apply for meal benefits and, if needed, receive help in filling out the application. Remember that parents or guardians cannot be required to go to a particular place to apply for meal benefits. Also, SFAs employing the above described practice must have systems in place for reviewing any additional applications submitted by the household to ensure that the information is the same as that indicated on the original application and for eliminating duplicate applications from the file.

If the SFA allows parents to preregister pre-kindergarten students at the conclusion of the school year by using the free and reduced-price meal application form, this cannot be used as the application for meal benefits for the upcoming school year. SFAs must obtain a new application with current income information for these students

Questions Answers

Time Requirements

1. Q: May I continue to provide meals based on last year's eligibility for 30 days even though an application for the current school year completed in 15 days indicates a change in the benefit level?

A: Guidance states that SFAs have 30 operating days to process applications and have new eligibility for the current school year in place. However, if a student is eligible for an increase in benefits for the new school year, this benefit status should be implemented immediately.

2. Q: In those situations described above is the SFA required to give households the 10-day adverse action notice?

A: No. These situations are viewed as new applications as opposed to reductions in benefit levels. Changes in eligibility are effective immediately.

3. Q: If a student has charged meals prior to an application being approved, may I go back and claim those meals at the benefit level established by the new application?

A: No. Eligibility status is not retroactive. Meals can only be claimed from the date of approval forward.

to participate in the National School Lunch and School Breakfast Programs.

Benefits Prior to Processing Applications

Free and reduced-price meals may be claimed for children with approved applications on file from the previous school year until a new application is submitted and approved, but no longer than 30 operating days from the beginning of the current school year. Siblings may be added to previous year's income applications only for purposes of the 30 day approval.

Siblings may not be added to categorically eligible applications from the previous school year. Eligibility for this initial 30 day period includes: (1) new children in the SFA from households with children who were approved for benefits the previous year based on income and (2) previously approved students who transfer from one school to another under the jurisdiction of the same SFA. Similar provisions do not exist for students who transfer between SFAs. Therefore, local school officials are encouraged to expedite eligibility determinations for all new enrollees.

The number of approved eligible students that are carried over to the current school year must be adjusted for students who graduated or withdrew from the SFA. After the 30 operating days, students without new applications must have their benefits terminated.

Once a current application is approved, a child's eligibility status is effective immediately. If the benefit level is reduced or denied based on the new application, the SFA is not required to give the 10-day adverse action notice. Prior year's applications are not valid as of the thirty-first operating day of the new school year.

Prior Year Eligibility and Year-Round School

Regulations state that prior to processing applications for the current school year, children from households with approved applications on file from the preceding year may be served reimbursable free and reduced-price meals. Applications from

Complete Application

The reviewing official must review each incoming application to ensure that the household submitted a complete application. If the application is complete, the official must then determine whether the household is categorically eligible or income eligible for benefits. The following information must be provided by the household before an eligibility determination can be made:

Food Stamp/TANF Assistance Units:

- Name of child.
- Food stamp or TANF case number (this number will never exceed eight digits).
- Signature of an adult household member.

Other Households:

- Names of all household members.
- Social Security Number of the adult household member who signs the application or the word "none", or a check in the indicator box on the application form if the adult household member does not have a Social Security Number.
- The amount of current income received in the prior month by each household member; identified by source, such as wages, welfare, alimony, etc.
- Signature of an adult household member.

Institutionalized Child:

- Name of child.
- Child's personal income.
- Signature of head of institution.

Foster Child:

- Name of child.
- Child's personal income.
- Signature of foster parent, guardian, or other official representative for the child.

Questions Answers

Letter/Notice to Households and the Application

1. Q: How should the distribution of applications for year-round schools be handled?

A: Applications should be distributed on or about July 1 or soon thereafter so that households are provided with current income eligibility guidelines. Keep in mind that also in year round schools applications from the preceding year may be used to support eligibility only during the first 30 operating days of the new school year.

2. Q: May applications be provided at the end of the school year for parents to return at the beginning of the next school year?

A: No. Households must be provided with the income eligibility guidelines and other eligibility criteria on or about the beginning of the school year. The income eligibility guidelines and any required revisions to the media release, household letter and application form to reflect changes in the eligibility criteria are generally not available until after the end of the school year. Households must be provided with up-to-date eligibility information so they are fully aware of the eligibility criteria and to determine whether to apply or not. The dates for school year eligibility are July 1 through June 30.

3. Q: May applications be distributed to the children or must they be mailed to households? May it be announced that applications are available in the principal's office for any child or parent who wants one?

A: The SFA may distribute the applications to the children. They do not have to be sent in the mail. A public announcement that applications are available and interested parties may pick one up is not sufficient.

4. Q: Must applications be sent to children who were approved last year?

A: SFAs are required to distribute applications on or about the beginning of each school year to parents of all children in attendance at school. This requirement is designed to ensure that current annual income and household size are correctly represented each year. The only exception to this requirement is afforded to schools that elect to participate in the Special Assistance Provisions 1 and 2 as described in the Policy Statement.

5. Q: In a computerized operation, may a pre-printed copy of last year's application be submitted for the household to confirm the accuracy of the application and should it be signed? If not, what items may be preprinted?

A: It is the household's responsibility to complete the application. An SFA may send households an application with the student's name, the name of the household, and the household's address preprinted on it. No other information may be preprinted.

6. Q: Must foreign language translations be provided of the application and household letter/notice if translators are available to assist the households in completing the application?

A: SFAs must send appropriate non-English language letters to parents and application forms to households if a significant number of enrolled children come from households belonging to the same foreign language group and having limited English communication skills. If the number of non-English language households is not significant, the SFA need not provide foreign language translations. Such SFAs are, however, encouraged to provide assistance in filling out applications through the use of translators.

Important Point!

School Officials should familiarize themselves with valid Food Stamp/TANF case numbers used in their areas before beginning application approval. If there is any doubt concerning the validity of the case number submitted on an application, the school official should contact local food stamp or TANF officials. Applications with invalid case numbers may not be approved.

the preceding year may be used to support eligibility only during the first 30 operating days of the new school year.

Application Processing Time Frame

Applications should be reviewed and an eligibility determination made within 10 operating days of the receipt of the application. Whenever possible, applications should be processed immediately, particularly for students who do not have approved applications on file from the previous year.

Hardship Cases

Households that are not categorically eligible or income eligible cannot be approved for benefits. There are no provisions for making exceptions based on unusual household circumstances, such as high medical expenditures or similar hardships.

Inconsistent Application

If there are any inconsistencies or questions concerning the required eligibility information provided, the household's application must be denied, unless the inconsistencies or questions are resolved. For instance, if it is unclear whether the household provided weekly or monthly income, this issue must be

resolved before an eligibility determination can be made. When there are inconsistencies or questions about provided information, the household should be contacted for clarification prior to the application's approval or denial. Details of the contact should be documented, dated, and initialed on the application.

Households That Provide Both Income Information and a Food Stamp/TANF Number

When SFAs choose to use a multi-child application, the application must provide space for identifying each child separately as a member of a Food Stamp/TANF unit. This is necessary because of the possibility of "mixed" households in which some children may be part of a Food Stamp/TANF unit and some may not. Those children who are part of the Food Stamp/TANF unit must be given the opportunity to apply under categorical eligibility criteria. However, to establish eligibility for those children in the household who are not categorically eligible, all household names and household income information, including the amount of any TANF assistance that is received, must also be provided on the application.

As a reminder, the SFA has the obligation to clarify information if any application seems questionable.

Application with Missing Information

The household must provide all the required information on the application for the application to be considered complete. Any other information requested on the application but not provided by the household must not delay approval of the application.

If an application is incomplete, it may be returned to the household or the household may be contacted either by phone or in writing to get the information.

Questions Answers

Complete Applications

1. Q: Does an emancipated child sign his/her own application? Is a Social Security Number required?

A: An emancipated child who lives alone as a household of one or as a member of a household with no adult household members must sign his or her own application. No Social Security Number is required since the emancipated child is not an adult.

2. Q: Who signs the application for a foster child?

A: The foster parent/guardian or other official representative for the child must sign the application for a foster child; however, the foster parents'/guardians' income, household size, and Social Security Number are not needed on the application.

3. Q: Does income have to be indicated on the application for a foster child?

A: Yes. The child's income must be considered for the eligibility determination. A foster child's income includes funds provided by the welfare agency that are specifically identified by category for the personal use of the child, such as for clothing, school fees, and allowances. In addition, other funds received by the child are included as income; for example, income a child earns for full-time or regular part-time employment and money provided by the child's family for personal use. If no funds are specifically identified for personal use, income should be listed as "0", and the application should be approved for a full year. This also applies to applications for children residing in residential child care institutions.

4. Q: What if there is no income on an income eligibility household application? Should it be considered as zero or is it necessary to go back to the household for additional information?

A: If no income is listed on the application, the reviewing official should contact the household for additional information. If the reviewing official is unable to contact the household, the application must be denied because it would be incomplete. An application with no income has no basis for determining eligibility.

5. Q: What if the racial/ethnic data collection question is not completed?

A: Parents' provision of this information is voluntary, and failure to provide the information must not affect the child's eligibility for benefits. SFAs are required to develop alternative means of obtaining racial and ethnic data for applicants when such information is not voluntarily provided by parents on the application.

6. Q: What applications may be considered for temporary approval?

A: Applications receiving temporary approval will include those from households affected by temporary layoffs, strikes, temporary receipt of public assistance, and zero income. Zero income, however, may be acceptable for a foster child or institutionalized child. Reviewing officials should use their own judgment and consider temporary approval for other questionable situations.

(continued)

Questions Answers

Complete Applications (continued)

7. Q: An application was approved for benefits and the household notified. During a review of the applications later in the school year, the reviewer discovered that the reviewing official had erred and that the information on the application did not support the household's eligibility for benefits. What should be done?

A: Whenever there is a reduction or termination of benefits in the same school year, for whatever the reason, the household must be provided the 10-calendar-day advance notice of adverse action. When there is an increase in the level of benefits, the household must be notified and the increase in benefit level provided within a three-day period.

8. Q: What kind of notice is recommended for children determined to be eligible for free or reduced-price meals?

A: Households must be notified of their eligibility for benefits. SFAs should notify households of their child's eligibility for free or reduced-price benefits either in writing or by phone. Households denied benefits must be notified in writing.

9. Q: When using a single child application, if the adult signature is missing, can a sibling's application be photocopied and/or stapled to the application missing the signature to make a complete application?

A: Yes, if the remainder of the information is the same and if the child whose application is missing information is listed as a household member on the sibling application.

10. Q: Several applications, none of which is complete, are submitted from the same household for different children. How many sibling applications can be used to generate a complete application?

A: There must be at least one complete application in which the household member has certified the information to be correct by signature from which information may be obtained to complete one or more sibling applications.

Table 1 Section 9 Computing Income

To Compute Monthly Income:	
Every Week	Multiply the Total Gross Income by 4.33
Every Two Weeks	Multiply the Total Gross Income by 2.15
Twice a Month	Multiply the Total Gross Income by 2
To Compute Annual Income:	
Every Week	Multiply the Total Gross Income by 52
Every Two Weeks	Multiply the Total Gross Income by 26
Twice a Month	Multiply the Total Gross Income by 24

Document the details of the contact, enter the information received on the application, date and initial the entry; except, if the application is missing the signature of an adult household member, the application must be returned to the household. In signing the application, the household member is certifying that the information on the application is true and correct. Every reasonable effort should be made to obtain the missing information prior to denying the application. The reviewing official must not delay approval of the application if the household fails to provide any nonrequired information; for example, the household does not complete the racial/ethnic identity question.

Electronic Benefits Transfer (EBT) Card account numbers are not acceptable on the application. If this occurs, contact the applicant to obtain the valid TANF or Food Stamp case number (no more than 8 digits).

Computation of Current Income

Households must provide the amount of income received, identified by the individual who received it, and where it comes from, such as wages,

welfare, etc. It is the responsibility of the reviewing official to compute the household's total current income and compare the total amount to the income eligibility guidelines. If only one income is given, compare that income to the relevant income eligibility guidelines for that time frame.

Example #1: For a household of five that receives one paycheck each week, compare their income to the weekly income eligibility guidelines for a five-person household. If all incomes are received for the same time frame, add all the incomes together and compare the total income to the income eligibility guidelines for that time frame.

Example #2: If both parents in a family of three receive paychecks each week, add the two incomes together and compare the total to the weekly income eligibility guidelines for a household of three. When households report incomes for different time periods (e.g., one monthly, one biweekly, one weekly), the reviewing official should convert all listed income amounts to a common equivalent, such as a monthly equivalent, and total the sums to determine total household income. The official must then compare this figure and the household size to the income eligibility guidelines and determine the eligibility of the household.

Temporary Approval

When a household reports zero income or a temporary reduction in income, eligibility must be determined based on the present rate of income rather than on regular annual income. However, the reviewing official should issue temporary approval of the application.

The time periods for a temporary approval end on November 15, January 15, and March 15, as established in State Agency guidance. However, the actual timeframe used for a temporary approval may vary depending on the household's circumstances.

Approximately one week before the end of the approval period, the school should send a new application to the household so that they may reapply for benefits. Exception: Zero income on an

Important Point!

The time periods for a temporary approval end on November 15, January 15, and March 15.

application for a foster child or institutionalized child is acceptable and may be approved for the school year.

Eligible children should receive temporary approval in the following types of economic situations:

- temporary layoffs or unemployment,
- strikes (voluntary work stoppage),
- temporary receipt of public assistance (in cases where the application specifies receipt of public assistance for a limited time),
- zero income, for whatever reason (except foster children and institutionalized children), or
- temporary disability.

Household Failure To Apply

Local officials may complete an application for a student known to be eligible if the household fails to apply.

When exercising this option, the school official must complete an application on behalf of the student based on the best household size and income information available and make an eligibility determination. The source of the information must be noted on the application. A household Social Security Number, household names and signature of an adult household member need not be secured. These applications should be excluded from verification. The household must be notified

that the student has been certified and is receiving free or reduced-price benefits.

This option is intended for limited use in individual situations and must not be used to make eligibility determinations for categories or groups of children.

Citizenship

U.S. citizenship is not a factor in the determination of eligibility. An eligibility determination is based on household size/income or the receipt of food stamps or TANF for the child as reported on a completed application. The SFA must apply the same eligibility criteria for citizens and noncitizens.

Notification of Eligibility or Denial

All households must be notified of their eligibility status. Households denied benefits must be given written notification of the denial. The notification must advise the household of:

- the reason for the denial of benefits.
- the right to appeal.
- instructions on how to appeal.

Form 1 Section 9A
Letter to Household of Approval/Denial of Benefits

Date: _____

Child(ren)'s Name(s): _____
School: _____
Teacher/Grade: _____

Dear _____:

Your application for free and reduced price meals for your children has been:

☐ Approved for free meals
☐ Approved for reduced meals at _____ cents for lunch and _____ cents for breakfast

Temporarily approved for:
☐ free meals until _____
☐ reduced price meals until _____

Denied for the following reason(s):
☐ Income over the allowable amount
☐ Incomplete application. The following information is missing: _____

If you do not agree with the decision, you may call _____ at _____. You also have a right to a fair hearing. To request a fair hearing, call or write the following official:

Name: _____ Title: _____
Address: _____
Phone: _____

If your child is approved for meal benefits based on household income, you must tell the school when your household income increases by more than \$50 per month (\$600 per year) or if your household size decreases. If your child is approved for meal benefits based on eligibility for food stamps or TANF, you must tell the school when you no longer receive food stamps or TANF for your child.

You may reapply for benefits at any time during the school year. If you are not eligible now but have a decrease in household income, become unemployed, have an increase in household size, or qualify for TANF or food stamps, you may fill out another application at that time.

Sincerely, _____

(Signature of School Principal Making Decision or Designee)

Non-discrimination Statement: This explains what to do if you believe you have been treated unfairly. In accordance with Federal law and U. S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

Questions Answers

Processing Applications

1. Q: How much judgment or discretion may the SFA exercise in determining whether a household does or does not meet the eligibility criteria for benefits?

A: Frequently questions arise concerning what is to be included as income and what constitutes a household. Free and Reduced-price Guidance is intended to provide guidelines for those individuals making eligibility determinations. The guidance cannot, however, address each individual situation. Reviewing officials will occasionally have to apply the broad concepts set forth in this guidance to some individual situations. If unusual situations unlike any examples in the guidance arise, the reviewing official should contact the State Office.

2. Q: How quickly should applications be processed?

A: Applications for new students and others who cannot be provided meal benefits based on the prior year's eligibility should be processed as quickly as possible. For children with an application on file from the prior year, such as returning students and new students who had siblings in the school the prior year, an eligibility determination should be made within 10 operating days of the return of the new application.

3. Q: If any item of required information is missing from the free and reduced-price application, may the reviewing official make an eligibility determination on the basis of a sibling application or must he/she consider the application incomplete and take follow-up action?

A: A determining official may look to a sibling's application for any item of required information. No item of required information may be derived from a source other than the household or a sibling application.

4. Q: A household voluntarily provided pay stubs with the application but did not write the amount of each person's income on the application. All other items were completed. According to the pay stubs, the household is eligible for benefits. What should the determining official do?

A: Rather than denying the application or returning the application to the household, the determining official may contact the household, by phone or in writing, to ensure that the household submitted all documentation of income. The official should document the contact, enter the information on the application, and initial and date the action.

5. Q: If a sibling was not listed on last year's application but comes from a family with children who were eligible for free meals last year, can I claim free reimbursement for that child before applications are processed for the school year?

A: The SFA may claim the same level of benefits for new children from households with children who were approved for benefits last year if the household's previous approval is based on income. Categorical approvals may not be extended to siblings.

6. Q: Can the determining official make an eligibility determination based upon other income sources which were not declared on the application but about which the official knows?

A: No. The determining official must make the initial determination based upon the face value of the application. However, immediately after the application is approved, the SFA may begin the verification process on the application.

7. Q: What if the determining official suspects that there are other sources of income?

A: Any application that contains questionable information MUST be verified as soon as possible.

- a statement that households may reapply for free and reduced-price benefits at any time during the school year.

Applications should be reviewed and parents or guardians notified of the eligibility determination as soon as possible. Form 1 Section 9A provides a prototype letter which may be used to notify households of approval or denial of benefits. A full size form for printing may be found in Section 27.

Appeals

A household may appeal the denial of their application or the level of benefits for which they have been approved. The hearing procedures outlined in the SFA's free and reduced-price policy statement must be followed.

Changes in Household Circumstances

If approval for benefits was based on income and household size, the household must report increases in income of over \$50 per month or \$600 per year and any decreases in household size. When a household reports such changes, the SFA must review the information, make any appropriate change in eligibility, and notify the household.

If approval was based on receipt of Food Stamp or TANF benefits, the household must report when it no longer receives benefits for the child. A household reporting such a change and wishing to continue benefits for the child must complete a new application and provide household size/income eligibility information, as well as a Social Security Number for the adult household member who signs the application. The reviewing official must review the information, make an eligibility determination, and notify the household of the determination. If the change results in a reduction of benefits, the household must be provided the 10-day advance notice of adverse action. If the change results in an increase in the level of benefits, the change is effective immediately.

Release of Eligibility Determination

The information on applications must be kept confidential. However, the USDA has authorized SFAs to release student free and reduced-price school meal eligibility status under specific circumstances only.

Aggregate data on children eligible for these benefits is allowed, but Section 108 of Public Law 103-448 authorizes the disclosure of individual children's free and reduced-price school meal eligibility status for certain Federal and State education programs. Programs identified to receive this information are the National Assessment of Educational Progress and officials collecting data for Title I allocation and evaluation purposes. A waiver of confidentiality by the children's parents/guardians is still required whenever eligibility status is released with an individual student name to any other program.

Record Keeping

All free and reduced-price applications, including applications from households denied benefits and inactive applications, must be kept on file for a minimum of 3 years after the end of the fiscal year to which they pertain, except that if audit findings have not been resolved, the applications must be maintained as long as required for resolution of the issues raised by the audit.

For applications from households approved for benefits, the reviewing official should indicate the date each application is approved, and the level of benefit for which each student is approved, and sign or initial the application.

For applications from households denied benefits, the reviewing official must identify and retain on file the reasons for the denial. Records should also include the date of the denial, the date the denial notice is sent, and the name of the reviewing official. These may be noted directly on the application.

When a student's eligibility changes or the student transfers to another school, the date of change or

Guidelines and Definitions

Household and Family-A group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit.

Economic Unit-A group of related or unrelated people who share housing and/or all significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

Household of One-A one-person household. This term applies to an emancipated child living alone or as a separate economic unit, a foster child and an institutionalized child.

Food Stamp Household-Any individual or group of individuals currently certified to receive benefits under the Food Stamp Program.

TANF Assistance Unit-Any individual or group of individuals currently certified to receive assistance under the Temporary Assistance to Needy Families Program.

Categorical Eligibility-A child for whom Food Stamp/TANF is received is automatically eligible for free meals when the household provides a current Food Stamp or TANF case number on the application.

Students Away at School-Students who are temporarily away at school, for example students attending boarding schools or colleges, should be counted as members of the household.

Military Families-Military personnel on shore duty living with the household or away on Temporary Duty (TDY) are considered household members. Military personnel serving overseas or assigned to a military base and not living with the household are not considered members of the household for purposes of determining eligibility, but the money sent to the household is included as income to the household.

Foster Child-A foster child is a child who is living with a household but who remains the legal responsibility of the welfare agency or court. Such a child is considered a household of one. No other household members should be listed on this application. A foster child should not be listed on the household's application. Schools using a multi-child application must require the household to submit a separate application for each foster child. Under the Child Nutrition Programs, the key factor in determining whether a child has been adopted or placed in foster care is who has legal responsibility for the child. If the welfare agency or the court continues to have legal responsibility for the child, the child should be considered a foster child, regardless of the financial circumstances of the family with whom he/she has been placed.

Child Living with One Parent, Relatives or Friends-In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides, and the size and total income of that household is used to determine the child's eligibility. Children of divorced or separated parents are generally considered part of the household that has custody.

Guidelines and Definitions (continued)

Adopted Child-An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. Therefore, the household's size and total income is considered in the eligibility determination.

Institutionalized Child-An institutionalized child is a child who resides in a residential-type facility that the State has determined is not a boarding school. Such a child is considered a household of one.

Homeless-An individual who lacks a fixed, regular, and adequate nighttime residence.

Student Attending an Institution-A student who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Emancipated Student-A student living alone or as a separate economic unit is considered to be a household of one. In some cases, an emancipated student may be living with relatives or friends, none of whom is an adult. If the household is one economic unit, all income and household members must be included to determine eligibility. Age is not a factor in defining an emancipated student.

Boarding School Students-A student in boarding school is considered a member of the household in which he/she normally resides; therefore, household size and total household income are considered in the eligibility determination.

Foreign Exchange Students-A foreign exchange student is considered a member of the household in which he/she resides. Therefore, the household size and total household income are considered in the eligibility determination.

transfer should be noted on the application, any roster used, and/or otherwise maintained. Current applications must be on file and there must be records to support transfers of students out of the school.

of this section. The SFA's system must have the capability to generate a listing of all students on applications, the basis of approval, the eligibility status, the date of approval, and other significant dates, such as withdrawal and reentry.

Use of Automated Systems in Application Approval Process

The use of automated systems in the approval process of applications for free and reduced-price meals has increased in recent years. In an automated system, the manual completion of the eligibility section on the application form is counterproductive. It is acceptable for SFAs with automated systems to disregard the manual completion

Determining Household Size

School officials must often use their discretion in making household size determinations. See the guidelines and definitions insert for information that will be helpful in making these judgements.

Questions Answers

Household Size

1. Q: When foster parents apply for benefits for their own children, do they include their foster children as household members, and do foster parents include the payments provided by the welfare agency for care of the foster children as income to the household?

A: No. Since each foster child, including a preschool foster child, is a household of one, foster children are not included in the foster parents' household. Payments received by the household for care of the foster child are intended to be used for the foster child and, therefore, are not included as part of the foster parents' income.

2. Q: What if a child lives with his/her parents and is required to pay for room and board? Is the child a separate household?

A: The child is considered to be a separate household only in those cases where the child is living alone or as a separate economic unit. Separate economic units are usually characterized by the prorating of most household expenses. Most students paying room and board are usually paying a token amount and are not economically independent of their parents and are therefore not considered to be emancipated.

3. Q: If two separate households rent living space (e.g. an apartment or house), and one household gives its portion of the rent to the other household which, in turn, transmits the

full rent to the landlord, does the rental income given to the transmitting household count as rental income?

A: No. The transmitting household has not received income; rather it is performing a simple financial transaction that does not provide it with additional income.

4. Q: What do I do if a child is eligible for free meals but the household wants to pay the reduced price?

A: The SFA should respect the family's wishes and allow the child to pay the reduced-price charge. The application should correctly reflect that the child is eligible for free meals. However, the SFA should note on the application that the family has elected to pay the reduced-price charge. The meals served to such a child must be claimed for reduced-price reimbursement since the SFA received the reduced-price payment from the household.

Determining Household Income

Reportable Income

Income to be reported on the non-categorically eligible household's application for free and reduced-price meals is any money received on a recurring basis including gross earned income. Specifically, gross income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes:

- payment of money for services; including wages, salary, tips, commissions, or fees;
- Social Security benefits;
- Supplemental Security Income (SSI);
- public assistance/welfare payments (TANF, etc.), but not Food Stamp benefits;
- alimony or child support payments;
- unemployment compensation;
- government civilian employee or military retirement or pension;
- veteran's payments;
- private pension, annuities, or retirement income;
- regular contributions from persons not living in the household;
- strike benefits;
- workers' compensation or disability benefits;
- net income for self-employed farmers and business persons, net rental income, and royalties;
- dividends or interest on savings or bonds;
- income from estates or trusts;
- other cash income, including cash amounts received or withdrawn from investments, trust accounts, and other

resources that would be available to pay the price of a child's meal;

- military benefits received in cash, such as housing allowances for military households living off-base and food allowances.

Income Exclusions

Income not to be reported or counted as income in the determination of a household's eligibility for free and reduced-price benefits includes:

- any cash income or value of benefits a household receives from any Federal program that excludes such income by legislative prohibition, such as the value of food stamps provided under the Food Stamp Program;
- student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals;
- loans, such as bank loans, since these funds are only temporarily available and must be repaid;
- the value of inkind compensation, such as military on-base housing or any other noncash benefit
- occasional earnings received on an irregular basis, e.g., not recurring, such as payment for occasional baby-sitting or mowing lawns.

Current Income

Households must report current income on a free and reduced-price application.

Current income means income received by the household during the month prior to application. If this income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may project

its annual rate of income based on the following guidelines:

Projected Income for Seasonal Workers and Others

Seasonal workers, such as migrants, and others whose income fluctuates usually earn more money in some months than in other months. Consequently, the previous month's income will commonly distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

Garnisheed Wages and Bankruptcy

Income is the gross income received by a household before deductions. In the case of garnisheed wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnisheed or used to pay creditors.

Self-Employment Income

Self-employed persons may use last year's income as a base to project their current year's net income, unless their current monthly income provides a more accurate measure. Self-employed persons are credited with net income rather than gross income as described here. Net income for self-employment is figured by subtracting business expenses from gross receipts.

Gross receipts include the total value of goods sold or services rendered by the business.

Deductible business expenses include cost of goods purchased, rent, heat, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes). The value of saleable merchandise consumed by the proprietors of retail stores is not included as part of net income.

Farm Income

Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.

Gross receipts include the value of all products sold; money received from the rental of farm land, buildings or equipment to others; and incidental receipts from the sale of items such as wood, sand, and gravel.

A farmer's operating expenses include cost of feed, fertilizers, seed, and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (but not State and Federal income taxes).

Income from Wages and Self-Employment

For a household with income from wages and self-employment, each amount must be listed separately. When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

Military Income/Benefits

Military benefits received in cash, such as housing allowances for military households living off-base and food allowances, must be considered as income. However, the value of in-kind benefits other than cash, such as on-base housing, is not considered as income. Effective May 13, 2002, the housing allowance for military personnel living in privatized housing covered by the Military Housing Privatization Initiative will not count as income when determining household eligibility for free and reduced-price meals. This program is operating at select military installations and puts the operation of military-owned housing under private contractors. Under this privatization initiative, a housing allowance appears on the leave and earnings statement of service members living in privatized housing. This exclusion applies during the remainder of Federal Fiscal Year 2002 and Federal Fiscal Year 2003. It is important to note that this income exclusion is only for service

members living in housing covered under the Military Housing Privatization Initiative. It is not an allowable exclusion for households living off-base in the general commercial/private real estate market.

Income for Foster Children

In determining income for the foster child, only the following should be considered:

- Funds provided by the welfare agency that are specifically identified by category for the child's personal use, such as for clothing, school fees, and allowances. Welfare funds that are identified by category for shelter and care and those identified as special needs funds, such as those for medical and therapeutic needs, are not considered as income. Where welfare funds cannot be identified by category, no portion of the provided funds are considered as income.
- Other funds received by the child. This includes, but is not limited to, monies provided by the child's family for personal use and earnings from employment other than occasional or part-time jobs.

Income for Institutionalized Children

Payments from any source directly received by the institution in a child's behalf are not considered as income to the child. Only income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution may be considered as income.

Student Income

The earnings of a student who is a full-time or regular part-time employee must be listed on the application. However, occasional earnings, such as baby-sitting, should not be listed on the application.

Alimony and Child Support

Any monies received by a household in the form of alimony or child support is counted as income. Any monies paid out for alimony or child support may

not be deducted from a household's reported gross income.

Lump Sum Payments

Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house. When lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.

Questions Answers

Payments from Federal Programs Excluded from Income

Q: What payments from Federal programs are excluded from consideration as income by legislative prohibition?

A: The value of assistance to children and their families under

- the National School Lunch Act, the Child Nutrition Act of 1966, and the Food Stamp Act of 1977; reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- any payment to volunteers under Title I (VISTA and others) and Title II (RSVP, foster grandparents and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act;
- payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE);
- income derived from certain submarginal land of the U.S. that is held in trust for certain Indian tribes;
- payments received under the Job Training Partnership Act;
- income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- payments received under the Alaska Native Claims Settlement Act;
- payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation;
- payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980;
- student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study and Byrd Honor Scholarship Programs, to the extent excluded by that Act;
- Agent Orange Settlement Payments to veterans that have been excluded under Public Law 101-201; and
- payments received under the Civil Liberties Act of 1988.

Since programs are periodically added to this list, SFAs should contact the State Agency when there is a question of whether specific payments are to be included as income.

Questions Answers

Income

1. Q: Why is service personnel's off-base housing allowance counted as income when the value of on-base housing is not?

A: Income is defined as all cash received on a recurring basis. Inkind benefits, by definition, are not cash payments, and, therefore, are not considered as income for the purpose of determining free and reduced-price eligibility. School officials are not in a position to determine the value of inkind benefits, such as housing for clergy, cars for salespersons, employee medical or dental benefits. The income exclusion for inkind benefits is uniform throughout the school meal programs. To treat inkind benefits provided to military households differently from inkind benefits provided to the general population would create an inequity. The fact that the value of military on-base housing is more readily identifiable than other sources of inkind benefits would not lessen the inequity.

2. Q: What income is reported for students who reside in a residential child care institution (RCCI)?

A: Payments from any source, directly received by the institution on the child's behalf, are not considered as income to the child. However, the money a child personally receives or earns from any full-time or regular part-time source is considered income.

3. Q: Is an application with household size and income information required for students who

reside in an RCCI and attend public school during the day?

A: Yes. The day school must have an application on file for each child for whom a free or reduced-price meal is served and claimed for reimbursement, regardless of the child's place of residence. Institutionalized children are not to be categorically certified as eligible for free or reduced-price benefits. A record of each child's income, even if "0," must be identified on the application for free and reduced-price meals.

4. Q: If the household indicates \$0 for income, is that sufficient?

A: "Zero income" is sufficient for a temporary approval. School officials should confirm the continued eligibility of a zero income application at each required update (November 15, January 15, and March 15). However, some circumstances may warrant approval of a zero income application for the school year, such as for the foster or institutionalized child.

5. Q: If one household owns a housing unit and rents living space to another household, does the household receiving the rental fee have to report this amount as income?

A: Yes. Income includes money derived from rent of room(s), apartment(s), etc. If a household receives rental income from another household, it must be included as income. The treatment of rental income would be similar to the treatment of self-employment income.

Maintaining Applications

Applications may be maintained either at the school or at a central location. Centrally located applications must be readily retrievable by school which means that when called upon to do so for purposes such as administrative reviews, school officials must be able to separate the applications for an individual school from the others in the SFA in order to support the reviewed school's claim for reimbursement. The applications for an individual school need not be housed in that school nor do they need to be filed separately from the applications of other schools; they need only be readily retrievable.

It is not possible to create a "model" application maintenance system that meets the needs of every school participating in the National School Lunch Program and School Breakfast Program. However, it is possible to cite the essential features that all systems must have to operate efficiently.

Categories of Applications

Five categories of applications must be maintained:

1. Free
2. Reduced-price
3. Denied
4. Withdrawn
5. Temporary

It is not required that applications in each of the above listed categories be filed separately from the others. However, it must be possible for school officials to separate applications by category when called upon to do so.

In manual systems free, reduced-price, denied, and the date of the determination are indicated on the bottom of the application form in the area reserved for information recorded by the reviewing official. In an automated system, the level of benefits for which a student was approved (or denied) and the date of the determination should be indicated by the student's name on the computer printout. This

information must be available not only on a current basis but also for prior months. When printouts are used for issuing the medium of exchange, updates provided the cashier should be added to the master printout with the date that the update became effective. If and when an updated master printout is issued to the cashier, it should be cross-checked with the printout that is currently in use. Any discrepancies should be resolved with the central office and the previously used printout should not be discarded but retained as documentation that supports prior months' reimbursement claims.

SFAs using a computerized system to determine eligibility are not required to complete the "school use" section of the application as long as eligibility determination can be tracked by roster or other documentation. Changes to household size, income, etc., must be documented on the application form as well as on the computer or electronic database. The application form is the official source document from which eligibility is determined.

Alternative Schools

Currently there are many SFAs participating in some type of alternative school or site that provides meals to students from several schools within the SFA. Procedures for maintaining applications and the counting and claiming of reimbursable meals for this type of school are the same as any other school site in the SFA.

One accepted procedure is for the alternative school to keep copies of the students' applications, direct certification eligibility, or roster with each students' eligibility on file from the "sending school." The school which is providing meal service may claim reimbursement for eligible students in the proper category. In some situations a student's attendance in such a school may be short-term (a few days) or long-term (entire school year). Adjustments and notations should be entered on the meal counting and claiming records to justify the claim when applicable and to document current numbers of approved students.

If the SFA wants to use a different procedure than the one mentioned above, contact the State Office.

Questions & Answers

Maintenance of Applications

1. Q: If an application is temporarily approved, and after the temporary approval period the circumstances have not changed, is it necessary to contact the household or automatically extend the temporary approval?

A: After each temporary approval period, each household must be contacted again to offer the household an opportunity to report changes in household size and income information. USDA recommends that a new application be completed at each update.

2. Q: Do applications have to be maintained at the school or may they be maintained at a central location?

A: Applications may be maintained either at the school or at a central location. For the purpose of a review or audit, applications must be readily retrievable by school.

3. Q: In a computerized operation where the computer generates the determination, does the reviewing official have to sign or initial each application?

A: No. However, the computer system should be able to capture the original date of approval and to update the status of applications to account for transfers, withdrawals, terminations, and other changes.

4. Q: May changes in status of an application be maintained in a computer instead of being noted on the application?

A: Yes. Changes in the status of an application may be maintained in a computer instead of being noted on the application. School officials must ensure that the changes are readily retrievable by school and are provided to State and Federal reviewers along with the applications during a review of the applications.

5. Q: May a noncustodial parent obtain information on the application?

A: The free and reduced-price meal application information may not be released to anyone including a noncustodial parent for non-program purposes.

Notes: